

HF

331

C75

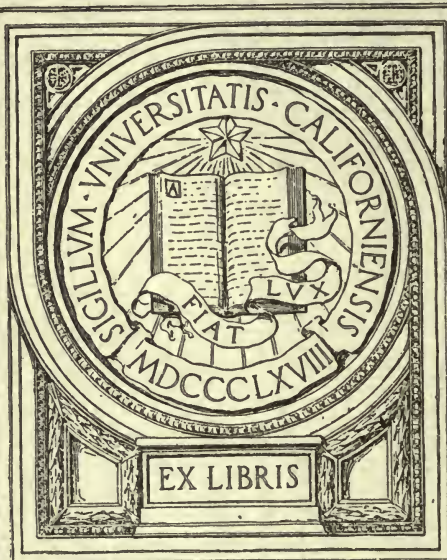
UC-NRLF



\$B 38 665

GIFT OF

Chinese Delegation



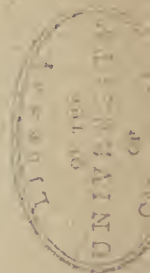
EX LIBRIS

GIFT
JUL 29 1919

APPENDIX VIII

Commercial Associations Ordinance of the Chinese Republic

Translated and
published by
Ministry of Justice



China. Laws, statutes etc.

Commercial Associations Ordinance of the Chinese Republic

Translated and

published by

Ministry of Justice

HF331

C75

Commercial Associations Ordinance

of the

Chinese Republic

given by Chinese delegation

Translated and

published by

Ministry of Justice

CONTENTS.

Chapter	Page
I. General Provisions	I
II. Société en Nom Collectif	2
Paragraph I. Formation.	2
,, II. Internal Organization.	4
,, III. External Relations.	8
,, IV. Retirement of Members.	10
,, V. Dissolution.	13
,, VI. Liquidation-.	16
III. Société en Commandite.	21
IV. Société Anonyme.	24
Paragraph I. Formation.	24
,, II. Shares	31
,, III. Meetings of Shareholders.	35
,, IV. Directors	37
,, V. Supervisors	41
,, VI. Accounts of the Association.	43
,, VII. Bonds	45
,, VIII. Alterations in Articles of Association	47
,, IX. Dissolution	51
,, X. Liquidation.	52
V. Société en Commandite par Actions.	55
VI. Rules for Penalties.	59
Supplementary Provisions.	63

CONTENTS.

Page	
1	General Provisions
2	Society on Non-Governmental
3	Paragraph 1. Foundation
4	II. Internal Organization
5	III. External Relations
6	IV. Treatment of Members
7	V. Dissolution
8	VI. Liquidation
9	VII. Rights of Contributors
10	VIII. Social Activities
11	IX. General Provisions
12	X. Dissolution
13	XI. Liquidation
14	XII. Rights of Contributors
15	XIII. Social Activities
16	XIV. General Provisions
17	XV. Dissolution
18	XVI. Liquidation
19	XVII. Rights of Contributors
20	XVIII. Social Activities
21	XIX. General Provisions
22	XX. Dissolution
23	XXI. Liquidation
24	XXII. Rights of Contributors
25	XXIII. Social Activities
26	XXIV. General Provisions
27	XXV. Dissolution
28	XXVI. Liquidation
29	XXVII. Rights of Contributors
30	XXVIII. Social Activities
31	XXIX. General Provisions
32	XXX. Dissolution
33	XXXI. Liquidation
34	XXXII. Rights of Contributors
35	XXXIII. Social Activities
36	XXXIV. General Provisions
37	XXXV. Dissolution
38	XXXVI. Liquidation
39	XXXVII. Rights of Contributors
40	XXXVIII. Social Activities
41	XXXIX. General Provisions
42	XL. Dissolution
43	XLI. Liquidation
44	XLII. Rights of Contributors
45	XLIII. Social Activities
46	XLIV. General Provisions
47	XLV. Dissolution
48	XLVI. Liquidation
49	XLVII. Rights of Contributors
50	XLVIII. Social Activities
51	XLIX. General Provisions
52	L. Dissolution
53	LI. Liquidation
54	LII. Rights of Contributors
55	LIII. Social Activities
56	LIV. General Provisions
57	LIV. Dissolution
58	LVI. Liquidation
59	LVII. Rights of Contributors
60	LVIII. Social Activities
61	LIX. General Provisions
62	LX. Dissolution
63	LXI. Liquidation
64	LXII. Rights of Contributors
65	LXIII. Social Activities
66	LXIV. General Provisions
67	LXV. Dissolution
68	LXVI. Liquidation
69	LXVII. Rights of Contributors
70	LXVIII. Social Activities
71	LXIX. General Provisions
72	LXX. Dissolution
73	LXXI. Liquidation
74	LXXII. Rights of Contributors
75	LXXIII. Social Activities
76	LXXIV. General Provisions
77	LXXV. Dissolution
78	LXXVI. Liquidation
79	LXXVII. Rights of Contributors
80	LXXVIII. Social Activities
81	LXXIX. General Provisions
82	LXXX. Dissolution
83	LXXXI. Liquidation
84	LXXXII. Rights of Contributors
85	LXXXIII. Social Activities
86	LXXXIV. General Provisions
87	LXXXV. Dissolution
88	LXXXVI. Liquidation
89	LXXXVII. Rights of Contributors
90	LXXXVIII. Social Activities
91	LXXXIX. General Provisions
92	LXXXX. Dissolution
93	LXXXXI. Liquidation
94	LXXXXII. Rights of Contributors
95	LXXXXIII. Social Activities
96	LXXXXIV. General Provisions
97	LXXXXV. Dissolution
98	LXXXXVI. Liquidation
99	LXXXXVII. Rights of Contributors
100	LXXXXVIII. Social Activities

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

COMMERCIAL ASSOCIATIONS ORDINANCE.*

CHAPTER I

General provisions.

Article 1. An association within the meaning of this Ordinance is a body corporate formed for the purpose of carrying on commercial transactions.

Article 2. Associations are divided into four kinds :—

1. *Société en nom collectif* ;
2. *Société en commandite* ;
3. *Société anonyme* ; and
4. *Société en commandite par actions*.

Article 3. All associations are herein recognised as juristic persons.

Article 4. The residence of an association is the place where the principal office of the association is situate.

Article 5. Unless an association has been registered with the competent authorities at the place of its principal office, it may not make preparations to commence business.

Article 6. The existence of an association cannot be set up as a defence against a third party, unless the asso-

*Promulgated by Ordinance No. 25 on January 13th 1914 ; revised by Ordinance No. 129 on September 21st 1914 ; enforced on September 1st 1914 : See Article 18 of Rules of Enforcement.

ciation has been registered with the competent authorities at the place of its principal office.

Article 7. If an association does not commence business within six months after its registration the competent authorities may dissolve the association *motu proprio* or on the application of a procurator.

The period prescribed in the last preceding Section may be extended on the application of the association, provided that a good cause is shown.

Article 8. If an association acts contrary to law, ordinance, public peace or good customs, the competent authorities may dissolve such association *motu proprio* or on the application of a procurator.

CHAPTER II

Société en nom collectif.

PARAGRAPH I

Formation.

Article 9. Whenever two or more persons form a *société en nom collectif*, Articles of Association shall be drawn up and signed by the members.

Article 10. The Articles of Association of a *société en nom collectif* shall contain the following particulars :—

1. The trade name ;
2. The objects of the association ;
3. The full names and domiciles of the members ;

4. The situation of the principal office and of each branch office ;

5. The nature, the value and the basis of the valuation of the contributions of the members.

Article 11. Within fifteen days after the Articles of Association have been signed, the association shall register the following particulars with the competent authorities at the places of its principal and branch offices :—

1. The particulars mentioned in subsection 1 to 3 of the last preceding Article ;

2. The principal and branch offices ;

3. The date of the formation of the association ;

4. The period of duration or the causes of dissolution, if such period or causes have been determined ;

5. The full names of the members who are to represent the association, if such members have been appointed ;

6. The nature of the contributions of the members and the value of the property contributed.

Article 12. Within fifteen days of the establishment of a branch office such office shall, in accordance with the provisions of the last preceding Article, be registered with the competent authorities, and, within the same period, the establishment of such branch office shall be registered with the competent authorities at the places of the principal office and all other branch offices of the association.

If a branch office is established within the same juris-

diction as the principal or another branch office, it is sufficient to register the mere fact of establishment of such branch office.

Article 13. Within fifteen days the removal of the principal office or any branch office, registration shall be made, in accordance with the provisions of Article 11, with the competent authorities at the place to which such office is removed, and the fact of removal shall be registered with the competent authorities at the former place of business.

If the principal or branch office is removed from one place to another within the same jurisdiction, only the fact of removal need be registered.

Article 14. Within fifteen days of any alteration in the registered particulars, such alteration shall be registered with the competent authorities at the places of the principal and branch offices of the association.

PARAGRAPH II

Internal Organization.

Article 15. Except as provided by this Ordinance the Articles of Association may regulate the rights and duties of its members, in relation to the association.

Article 16. If a member assigns debts to the association as his contribution and the debtor makes default when their fall due such member is responsible for their payment.

In such case the member is liable for interest and also for any damages that may be incurred.

Article 17. Profit and loss of an association shall be divided among its members in proportion to the amount of capital each has contributed, provided that no fixed ratio has been agreed to.

If a fixed ration has been agreed to for the distribution either of profits or of losses, such ratio shall apply in both cases.

Article 18. Every member has the right to administer the business and is responsible therefor, whether his contribution of capital is large or small, unless a special provision in the Articles of Association provides that the business of the association shall be under the direction of some particular member or members.

Article 19. When the business of the association is administered either by all or only by certain members, all questions of administration shall be decided by a majority.

The ordinary business of an association may be administered by any of its members appointed for that purpose ; in case any objection is made by any other of such members the matter shall be postponed until a decision is arrived at by such members.

Article 20. The appointment or dismissal of the manager shall be decided by a majority of all the members of the association, even when only certain members have been appointed to administer its business.

Article 21. Without the consent of all the members no alteration can be made in the Articles of association

nor can anything be done which is not within the scope of the objects of the association.

Article 22. Every member is entitled at any time to make enquiries about the business conditions of the association and to inspect its books, correspondence, and goods, even though he is not entitled to take part in the administration of the business.

Article 23. Except by special agreement, no member who administers the business of the association can demand remuneration for services rendered.

Article 24. A member who in the administration of the business of the association pays any money out of his own pocket to meet urgent and necessary expenses may demand from the association repayment of the same with interest from the date of such payment. If a debt is incurred by a member on behalf of the association, he may demand that the association shall give adequate security for the same, notwithstanding that such debt is not yet due.

A member who in the course of administering the business of the association incurs any loss through no fault of his own may apply to the association for indemnification.

Article 25. When in accordance with the Articles of Association the administration of business has been placed under the direction of some particular member or members; such member or members shall neither be allowed nor be compelled to resign without a good cause.

If there is a good cause for compelling a member, who is administering the business of the association, to resign, the consent of all members must be obtained for such compelled resignation, except when the Articles of Association provide that such matters shall be decided by a majority of the members.

Article 26. Any member who administers the business of the association shall act, with due care, according to the provisions of the Articles of Association and the resolutions passed by the members; if he acts contrary thereto and the association thereby sustains a loss, he shall be liable for the loss.

Article 27. If a member having received money on behalf of the association neglects to pay in the same in due course, or applies to his own use money which belongs to the association and should be used for its business, he shall be liable to repay the same with interest either from the date when he ought to have paid in such money, or from the date on which he applies such money; if the association sustains any loss he shall also be liable for such loss.

A member who administers the business of the association shall make a report on the same when requested.

Article 28. A member, without the consent of the other members, cannot carry on, for the benefit of himself or of any other person, any commercial transactions which are within the scope of the objects of the association,

or become an unlimited liability member of any other association pursuing similar objects.

If a member contravenes the provisions of the last preceding Section, the association may by a resolution passed by a majority of the other members, consider the commercial transactions carried on by him for his own benefit as having been done for the association.

If within fifteen days of such transactions being discovered by any member, or if within one year from the date of such transaction, the association fails to exercise the right as referred to in the last preceding Section, such right shall lapse.

Article 29. A member cannot transfer his interest in the association in whole or in part to any other person, without the consent of all the other members.

PARAGRAPH III.

External Relations.

Article 30. An association may appoint any member or members as its representative in accordance with the Articles of Association or with the consent of all the other members : if no such representative is appointed every member has the right to represent the association.

Article 31. A member-representative of an association has the right to do all necessary acts relating to the business of the association whether in or out of court.

Article 32. Any restriction of authority to represent, imposed by the Articles of Association or with the consent

of the members, cannot be set up against a third party without knowledge of such restriction.

Article 33. If a member-representative or the manager in the course of discharging his duties causes damage to another person, the association shall be responsible for such damage, unless such damage was caused through the negligence of such member-representative or manager.

Article 34. If a member-representative of an association makes a sale, contracts a debt, or enters into any other juristic act with the association either on his own behalf or on behalf of some other person, he cannot at the same time legally represent the association : the same rule shall not apply when the acts of such member-representative are the performance of obligations to the association.

Article 35. If the assets of an association are insufficient to meet its liabilities all members are jointly liable for the deficiency.

Article 36. A member admitted to an association after its formation is responsible with the other members for all debts incurred before his admission.

Article 37. Any person who is not a member of an association causes by his conduct another person to believe honestly that he is, be liable to such person as if he were actually a member of such association.

Article 38. Reduction in the contributions of the members cannot be set up as a defence against the cre-

ditors of the association, but if, within two years of the registration of such reduction with the competent authorities at the places of the principal and branch offices of the association, no objections are filed by the creditors, the same shall not apply.

Article 39. An association shall not distribute its profits unless there is a surplus after the losses of previous years have been made up.

When profits are distributed in contravention of the provision of the last preceding Section the creditors of Association may demand that they be refunded.

Article 40. Debtors of an association cannot set off debts due to them from members of the association against debts due from them to the association.

Article 41. A member cannot demand his share of the property of the association except after his retirement from membership or after the dissolution of the association.

PARAGRAPH IV

Retirement of Members.

Article 42. When the Articles of Association have not fixed the duration of the association or have fixed it by the life of a certain member, any member may retire from membership whenever the accounts of the association are balanced, provided that six months' notice of such retirement has been given. In case of necessity any member may at any time ask for permission to retire from mem-

bership, whether the duration of the association has been fixed or not.

Article 43. In addition to the provisions of the last preceding Article a member retires in any of the following cases :—

1. Fulfilment of a condition provided for retirement ;
2. Consent of the other members ;
3. Death ;
4. Bankruptcy ;
5. Insanity ;
6. Expulsion.

Article 44. A member may be expelled with the consent of all the other members only in the following cases. Such expulsion cannot be set up as a defence against the expelled member unless previous notice has been given him :—

1. When a member is unable to meet a call on subscribed shares or neglects to do so after repeated applications ;
2. When there is any contravention of the provisions of Article 28 section I ;
3. When a member in the course of administering the business of the association, or acting as its representative, does any improper act ;
4. When a non-administrative member interferes with the administration of the business of the association, or uses its name, seal, money, or goods, without authority ;

5. When a member fails to perform any important duty due to the association.

Article 45. Where the full name or surname of any member is used in the trade name of the association, such member may demand the discontinuance of such use when he retires from membership.

Article 46. The interests of any retiring member shall be calculated and repaid according to the market value of the property of the association at the time, and such repayment may be made in coin without regard to the nature of the original contribution.

If on the retirement of a member there are unfinished matters in which the association is concerned, his share in the profit or loss of the association shall, after the completion of such unfinished matters be calculated and apportioned in the same way as on previous occasions. All affairs of the association connected with a retired member may be completed by the other members of the association in such ways as they would consider most beneficial in the development of their own businesses.

Article 47. On the retirement of a member whose sole contribution is personal service or personal credit, the provisions of the last preceding Article shall also apply unless the Articles of Association provide otherwise.

Article 48. A member who retires must register his retirement with the competent authorities at the place of the principal office of the association, and is jointly responsible with the other members for all debts of the

association incurred before such registration. This responsibility shall continue for two years after the registration.

The same rule shall apply when a member with the consent of the other members transfers his interests in the association to another person.

PARAGRAPH V.

Dissolution.

Article 49. An association shall be dissolved in any of the following circumstances :—

1. The expiration of the period fixed for the duration of the association, or any other cause mentioned in the Articles of Association ;
2. The completion of the purpose for which the association was formed or the impossibility of such completion ;
3. The consent of all the members to a dissolution ;
4. The survival of only one member in the association ;
5. Amalgamation with or absorption in another association ;
6. Bankruptcy ;
7. An order for dissolution from the competent authorities.

Article 50. An association which has been dissolved in accordance with the provisions of subsection I of the last preceding Article may be continued with the consent

of all or two or more members, and in such case the dissenting members are considered to have retired.

Article 51. When an association has been dissolved for any other reason than bankruptcy, amalgamation, or absorption, its dissolution shall be registered within fifteen days with the competent authorities at the places of the principal and branch offices of the association.

Article 52. An association, with the unanimous consent of its members, may be amalgamated with or absorbed by some other association.

Article 53. Within fifteen days of the passing of a resolution authorizing amalgamation or absorption, the association shall make an inventory and prepare a balance sheet.

Within fifteen days after the date of such resolution the association must give notice respectively and public notice to all creditors of the particulars of the proposed amalgamation or absorption, and at the same time fix the period within which creditors may raise objections to such arrangements; such period shall not be less than three months.

Article 54. An amalgamation or absorption cannot take place until after the expiration of the period fixed in accordance with the last preceding Article and until all debts are paid, or adequate security furnished, to those creditors who have raised objections within such period.

Article 55. An amalgamation or absorption cannot be set up as a defence against any creditor when notice has

not been given in accordance with law, or when objections raised by creditors have been disregarded.

Article 56. Within fifteen days after amalgamation or absorption, the conditions created thereby shall be registered with the competent authorities at the places of the principal and branch offices of the association, in accordance with the following :—

1. The association which continues to exist after absorption shall register itself in accordance with the rules relating to alterations.
2. The association which has ceased to exist in consequence of the amalgamation or absorption shall register itself in accordance with the rules relating to dissolutions.
3. The association which comes into existence in consequence of the amalgamation shall register itself in accordance with the rules relating to formations.

Article 57. The rights and obligations of an association which ceases to exist through amalgamation or absorption shall be inherited by the association which continues to exist after such absorption, or which comes into existence in consequence of such amalgamation.

Article 58. In case of necessity any member may make an application to the competent authorities for a dissolution of the association.

In such case if any particular member is responsible for the circumstance the said Authorities on the application

of any other member may instead of dissolving the association expel by judgment the member who has caused damage to it.

The interests of such expelled member in the association shall be calculated and repaid according to the market value of the property of the association at the time when the action was brought.

PARAGRAPH VI

Liquidation.

Article 59. For any purpose connected with a liquidation an association is deemed to continue in existence after its dissolution.

Article 60. On a dissolution of an association all the members shall take part in the liquidation unless some particular members or other persons have been appointed liquidators by a majority of the members.

Article 61. Within fifteen days of the dissolution of an association all accounts shall be made up, and an inventory and a balance sheet prepared, when the members have decided as to the disposal of the assets of the association. The provisions of Article 53 section 2. Article 54 and Article 55 shall apply to all matters affecting the creditors of the association.

Article 62. On the death of a member of an association which has been dissolved, his heir shall take his place in the liquidation proceedings; if there are several heirs only one may act.

Article 63. When an association is dissolved under the provisions of subsection 4 or 7 of Article 49, liquidators may be appointed by the competent authorities on the application of any person interested or of a procurator.

Article 64. Liquidators who have been appointed by the members may be dismissed at any time by a resolution passed by a majority of the members.

In case of necessity liquidators may be dismissed by the competent authorities on the application of any person interested or of a procurator.

Article 65. Within fifteen days of their appointment liquidators shall register their full names and domicile with the competent authorities at the places of the principal and branch offices of the association. Any dismissal or change of liquidators shall also be registered with the said Authorities within fifteen days after such dismissal or change.

Public notice of the appointment or dismissal of liquidators shall be given by the competent authorities, in case such liquidators are appointed or dismissed by the said authorities.

Article 66. The functions of liquidators are as follows :—

1. To wind up existing business ;
2. To collect and pay debts ;
3. To distribute the surplus if any.

Liquidators shall have authority to do all acts in or out of court necessary for the discharge of all the above mentioned functions.

Article 67. When there are several liquidators, all matters connected with the liquidation shall be decided by the majority, but as regards third parties, every liquidator may represent the association.

Article 68. Restrictions in the authority of a liquidator to represent cannot be set up as a defence against a third party without knowledge of such restrictions.

Article 69. Liquidators as soon as they assume office shall make an investigation of the property of the association, prepare an inventory and a balance sheet, and submit the same to every member for consideration.

Liquidators shall, on inquiry by any member of the association which has been dissolved, make a true report in regard to the progress of the liquidation.

Article 70. Liquidators, though they are appointed by the court, must nevertheless discharge their functions in accordance with any resolution that may be passed by the members of the association and other interested persons at a joint meeting.

Article 71. Within two months of assuming office liquidators must give at least three successive public notices to the creditors of the association notifying them the period within which they must submit their claims, and that any claim that is not submitted within that period shall be repudiated ; provided that the period limited for making such claims shall not be less than three months.

Prior to the expiration of such period liquidators cannot

apply the assets of the association in payment of any part of its debts.

Creditors who are known to the liquidators must be respectively notified, and their debts cannot be repudiated. Creditors who submit claims after the expiration of such period may demand the payment of their debts from undistributed assets of the association.

Article 72. When the assets of the association are insufficient to meet its liabilities the liquidators may require the members to make contributions.

When the members are unable to make contributions the liquidators must apply for a declaration of bankruptcy ; the office of a liquidator ends as soon as he has handed over his business to the Official Receiving.

Article 73. Until all debts have been paid liquidators cannot distribute the assets of the association among its members.

Article 74. The ultimate residue shall be divided among the members of the association in proportion to the contribution made by each.

Article 75. As soon as a liquidation is completed the liquidators shall prepare a statement of account and submit it to every member of the association for inspection. When within one month the members make no objection, such statement of account shall be considered to have been approved, unless the liquidators have acted dishonestly.

Article 76. The liquidators shall register the completion of a liquidation with the competent authorities at the places of the principal and branch offices of the association as soon as it is completed.

Article 77. The accounts of the association, correspondence, and any other documents connected with its business or liquidation shall be preserved for ten years after the completion of the liquidation has been registered.

The custodian of these accounts and documents shall be appointed by a majority of the members; when the members cannot agree the case shall be decided by the competent authorities. All accounts, correspondence, and any other documents relating to the business transactions of the association shall be open to inspection by all interested persons.

Article 78. When the formation of an association has for some reason been refused or rescinded, liquidation shall take place as in the case of dissolution. The liquidators in such case shall be appointed by the competent authorities, on the application of any person interested, or of a procurator.

Article 79. The joint liability of the members of an association shall terminate within five years after the registration of the dissolution of such association, unless any other law has provided that such liability shall be terminated within a period shorter than five years.

When any assets of an association which has been dissolved have been left undistributed after the lapse of

five years from the registration of its dissolution, creditors may still demand the payment of their debts from such assets.

CHAPTER III

Société en commandite.

Article 80. A *société en commandite* is composed of members of limited and unlimited liability. Members of limited liability shall be responsible to the association only to the amount of their subscriptions.

Article 81. The provisions of the last preceding Chapter are applicable to a *société en commandite* in cases relating to members of unlimited liability, unless special provisions have been made in this Chapter.

Article 82. The Articles of Association of a *société en commandite* shall contain all the particulars mentioned in Article 10 as well as the liabilities of each member as being limited or unlimited.

Article 83. Within fifteen days after the Articles of Association have been finally drawn up, the association shall register with the competent authorities at the places of the principal and branch offices all the particulars mentioned in Article 11, and the liabilities of each member as being limited or unlimited.

Article 84. Members of limited liability can contribute only money or other property.

Article 85. In the absence of any provision to the contrary in the Articles of Association every member of

unlimited liability has a right to take part in the administration and is responsible therefor.

Article 86. If there are several members of unlimited liability in an association, the administration of its business shall be decided by a majority of such members.

Article 87. The appointment and dismissal of the manager shall be decided by a majority of the members of unlimited liability, notwithstanding that some particular members have been appointed to administer the business of the association.

Article 88. Whenever the accounts of the association are made up members of limited liability may inspect the inventory and the balance sheet of the association, and make an investigation of its business and the state of its property.

In case of necessity the competent authorities may on the application of a member of limited liability allow him to make an investigation of the business of the association and the state of its property at any time.

Article 89. A member of limited liability cannot transfer his interest in the association, either in whole or in part, without the consent of all the members of unlimited liability.

Article 90. A member of limited liability may, on behalf either of himself or of another person, carry on business similar to that of the association, or become an unlimited liability member of some other association doing similar business.

Article 91. Except when representatives are appointed by the Articles of Association or with the consent of all the members, every member of unlimited liability may represent the association.

Article 92. A member of limited liability can neither administer the business of the association nor represent it.

Article 93. If a member of limited liability acts in such a manner as to induce others to believe that he is a member of unlimited liability, he is responsible as a member of unlimited liability to any third party who had no knowledge of the actual facts.

Article 94. The insanity of a member of limited liability is not a cause for his retirement. On the death of a member of limited liability his heir succeeds him as a member.

Article 95. A *société en commandite* shall be dissolved when all the members of unlimited liability, or all the members of limited liability, retire; in the latter case the association may be changed into a *société en nom collectif* with the consent of all the members of unlimited liability.

Article 96. Whenever a *société en commandite* is changed into a *société en nom collectif*, the dissolution of the *société en commandite* and the formation of the *société en nom collectif* shall be registered within fifteen days from the dissolution of the *société en commandite* with the competent authorities at the places of the principal and branch offices of such association.

CHAPTER IV

Société Anonyme.

PARAGRAPH I.

Formation.

Article 97. There must be at least seven promoters for the formation of a *société anonyme*.

Article 98. The promoters must draw up and sign the Articles of Association containing the following particulars :—

1. The trade name ;
2. The objects of the association ;
3. The amount of the capital and the amount of each share ;
4. The situation of the principal and of each branch office ;
5. The manner in which the association issues its public notices ;
6. The number of shares necessary to qualify for a directorship ;
7. The full names and domiciles of the promoters.

When the particulars enumerated in Nos. 4—6 of the last preceding Section have not been set forth in the Articles of Association, they may be amended at the preliminary meeting of the shareholders or at a general meeting.

Article 99. The following particulars, unless they are set forth in the Articles of Association, shall be null and void :—

1. The period of duration of the association and the causes of its dissolution ;
2. The issue of shares above par ;
3. The special benefits to be given to promoters and the full names of such promoters ;
4. The full names of the persons, if any, who contribute property other than money, for the shares they subscribe the nature and value of such property, and the number of shares to be issued to them ;
5. The expenses of the formation which have to be paid by the association and remuneration to be given to the promoters.

Article 100. The association begins to exist from the time when the whole of its shares have been subscribed by the promoters.

Article 101. As soon as all the shares have been subscribed by the promoters, each of them must pay at least one-fourth of his subscription, and directors and supervisors be appointed. Such appointments are decided by the majority of the votes of the promoters.

Article 102. As soon as the directors have appointed they must request the competent authorities to appoint inspectors to ascertain if the first payment on shares has been made and if the particulars mentioned in subsections 3-5 of Article 99 are fair and accurate.

Article 103. The competent authorities shall, on the report of the inspectors, consider all matters relating to

promoters' special benefits and remuneration and the expenses connected with the formation of the association. If they find any of these unfair or inaccurate they reduce them.

In case any contribution has been made in property other than money and such property has been overestimated, the competent authorities may either reduce the number of shares allotted to the subscriber who made such contribution, or order him to make up the amount required ; the subscriber may in such case pay his subscription in money and take back the property he has contributed.

Article 104. In case the promoters do not subscribe the whole of the shares, all unsubscribed shares must be offered to the public and be subscribed before the association begins to exist.

Article 105. The promoters must prepare certificates of subscription with counterfoils ; if any person desires to subscribe for shares he must designate therein the number of shares to be subscribed ; such certificates and counterfoils must contain the following particulars :—

1. The date on which the Articles of Association were drawn up ;
2. The particulars enumerated in Articles 98 and 99
3. The number of shares subscribed by each promoter ;
4. The amount of the first payment.

If the shares are issued above par the subscriber must

state on the certificate of subscription the amount he will pay for the shares.

Article 106. A subscriber must pay according to the number of shares subscribed.

Article 107. Shares shall not be issued below par and the first payment shall not be less than one fourth of the face value of the shares.

Article 108. As soon as the shares are subscribed the promoters shall call for the first payment.

If shares are issued above par the excess shall be paid with the first payment.

Article 109. If any subscriber fails to make the first payment within a reasonable period, the promoters must notify him that he must pay within a definite time, and that in default he will lose his rights as a subscriber ; such period shall not be less than one month.

If a subscriber after he has been as above notified still fails to make the payment within the time stated he loses his rights. In such case the promoters may again invite subscriptions for the shares subscribed by such defaulter. If the default as mentioned in this and the last preceding Sections causes damage to the association, the promoters may claim damages from such defaulter.

Article 110. The promoters shall convene the preliminary meeting of shareholders as soon as all subscribers have made their first payment.

Article 111. The provisions of Article 145 sections 1-3, Article 147 section 1 and 3, and Article 150 section 1 and 2.

shall be applicable to summon preliminary meeting of shareholders and to any resolution passed at such meeting.

At the preliminary meeting of shareholders all resolutions shall be passed by a majority of the votes of the subscribers present, and such subscribers must represent more than one-half of the total amount of shares and number more than one-half of all the subscribers.

Article 112. The promoters shall report to the preliminary meeting of shareholders on all matters in regard to the formation of the association.

Article 113. At the preliminary meeting of shareholders, directors and supervisors shall be appointed.

Article 114. The directors and supervisors shall make an investigation of the following matters and report to the preliminary meeting of shareholders :—

1. Whether the whole number of shares has been subscribed ;
2. Whether the first payment on each share has been made ;
3. Whether the particulars mentioned in subsections 3-5 of Article 99 are fair and accurate.

If the directors and the supervisors are appointed from among the promoters, the preliminary meeting of shareholders may independently appoint inspectors to make such investigation and such report as above mentioned.

Article 115. In case the special benefits and remuneration to be given to promoters or the expenses of the formation of the association are deemed unreasonable or

excessive, they may be reduced at the preliminary meeting of shareholders.

The preliminary meeting of shareholders may also reduce the number of shares allotted to any subscriber, or order him to make up the amount required, if such subscriber has made his contribution in property other than money and such property has been over-estimated; but the subscriber may pay his contribution in money and take back the property contributed.

Article 116. In case some shares have not been subscribed, or the first payment has not been made by any subscriber, the promoters shall be jointly liable for subscription or payment. The same applies where the subscription has been rescinded.

Article 117. If the association still suffers any damage in spite of the application of the provisions of the last two preceding Articles, the promoters shall be liable for such damage.

Article 118. The preliminary meeting of shareholders may by resolutions alter the Articles of Association or abandon the formation of the association.

Article 119. When the promoters have not subscribed the whole of the shares, the association begins to exist at the end of the preliminary meeting of shareholders.

Article 120. If the first payment is not fully made within one year after all the shares have been subscribed, or if the promoters fail to convene the preliminary meeting of shareholders within six months of such payment, sub-

scribers may rescind their subscriptions and demand that the money paid be refunded.

Article 121. Within fifteen days after the association has come into existence the promoters shall register the following particulars with the competent authorities at the places of its principal and branch offices :—

1. The particulars mentioned in subsection 1-3 and 5 of Article 98 ;
2. The situation of the principal and of each branch office ;
3. The date of formation ;
4. The amount paid on each share ;
5. The full names and domiciles of the directors and supervisors ;
6. The period of duration or the causes of dissolution, if such period or causes have been determined ;
7. The rate of interest, if it has been stipulated that any interest shall be paid before the commencement of business.

Article 122. The provisions of Articles 12, 13, and 14 shall be applicable, when any new branch office has been established, or the principal or any branch office removed, after the association has come into existence or when any particulars registered on its formation have been altered.

Article 123. After the formation of the association has been registered with the competent authorities, no subscriber shall be allowed to cancel his subscription on the ground of fraud or duress.

PARAGRAPH II.

Shares.

Article 124. The capital of a *société anonyme* shall be divided into shares; the amount of each share shall be the same, and it shall not be less than 50 yuan unless the whole amount is to be paid in at once, in which case the amount of each share may be limited to 20 yuan.

Article 125. A *société anonyme* may issue preference shares in accordance with the Articles of Association.

Article 126. The liability of a shareholder is limited to the amount of shares subscribed by or transferred to him.

The payment on shares shall be made in money and cannot be commuted by any debts assigned to the association.

Article 127. If one share is jointly owned by several persons, the owners shall appoint one person to exercise the rights of a shareholder.

Joint owners of shares are jointly liable to the association for the payment due thereon.

Article 128. No share-certificate shall be allowed to issue unless the formation of the association has been registered.

Share-certificates issued in contravention of the last preceding Section are null and void, but the persons who receive such certificates may claim damages from those who issue them.

Article 129. A share-certificate shall bear a serial number, be signed by the directors, and contain the following particulars :—

1. The trade name of the association ;
2. The date of the registration of the formation of the association ;
3. The amount of the capital and the amount of each share ;
4. The amount of the preference share and the rights appertaining thereto, if preference shares have been issued ;
5. The respective payments to be made on each share, if the shares are not to be paid up all at once.

Article 130. In the absence of any provision in the Articles of Association to the contrary, shares can be transferred without the consent of the association ; no transfer or promise to transfer can be made before the registration of the formation of the association.

Article 131. Unless the full name and domicile of the transferee have been entered in the register of shareholders and his name recorded on the share-certificate, no transfer of a personal share can be set up as a defence against the association or against any third party.

Article 132. *A société anonyme* shall not buy its own shares or accept them as security. Any share which is in the possession of the association because the holder has lost his rights or has surrendered it in payment of his debts, shall, on a day appointed, be sold to the public.

Article 133. Shares cannot be cancelled except on account of the reduction of capital.

Article 134. One month's notice must be given to each shareholder prior to a call on shares.

If on the date fixed any shareholder fail to meet the call, the association may notify him that he will have to pay within a definite period, which shall not be less than one month, and that in default he will lose his rights as a shareholder.

Article 135. If a shareholder delays payment he is liable for interest from the day on which the call became due and the association may also demand a penalty from him if the Articles of Association have provided for the same.

Article 136. If, after the association has taken all steps necessary in accordance with the provisions of Article 134, a shareholder still defaults, he loses his rights as a shareholder.

Article 137. If the shares of the shareholder who has lost his rights has been the subject of several transfers, the association may make a call on each transferor who has been registered in the register of shareholders to pay within the period of one month.

The transferor who first makes the payment on the call acquires the shares ; if such transferor or transferors fail to meet the call, the association shall sell the shares by auction.

If the auction results in a deficit, the association retains

the right to demand that the original shareholder or any transferor shall make up the deficiency.

Article 138. After the lapse of two years from the date of the entry of the transfer on the register of shareholders a transferor of shares is exempted from any liability mentioned in the last preceding Article.

Article 139. A shareholder cannot demand that bearer share certificates shall be issued unless the shares are fully paid up.

A bearer share certificate may at any time on the demand of the shareholder be exchanged for a personal one.

Article 140. The shares held by shareholders shall be numbered in consecutive order in the register of shareholders, and the following particulars shall be recorded :—

1. The number of shares held by each shareholder and the serial numbers of each share ;
2. The full name and domicile of each shareholder ;
3. The amount paid on each share and the date of payment ;
4. The date on which the shareholder acquires the shares.

In case of bearer share certificates being issued the total number of such certificates, their serial numbers, and the dates on which they were issued shall be entered in the register of shareholders. In case preference shares being issued each of such shares must bear the word „ Preference ” under the number on such share.

PARAGRAPH III.

Meetings of Shareholders.

Article 141. An ordinary meeting of shareholders shall, within a definite period after the accounts of the association have been balanced, be convened at least once in every year.

Article 142. Extraordinary meetings may be convened, when necessary, in addition to such ordinary meeting.

Article 143. All meetings of shareholders shall be convened by the directors unless this Ordinance or the Articles of Association provide otherwise.

Article 144. Resolutions at any meeting shall be passed by a majority of the votes of the shareholders present, unless this Ordinance or the Articles of Association provide otherwise.

Article 145. One vote shall be cast for each share, excepting when any one shareholder holds more than eleven shares, in which case the number of the votes to which such shareholder is entitled may be limited by the Articles of Association.

In case of a shareholder voting by proxy, the holder of such proxy must submit his credentials to the association.

A shareholder who has a particular interest in any resolution that is before a meeting of shareholders cannot vote either on his own behalf or on behalf of another.

Holders of bearer share certificates cannot vote unless their certificates have been deposited with the association at least five days before the date of the meeting.

Article 146. An extraordinary meeting of shareholders may be convened by the directors on a written application setting forth the reason for such meeting and its purpose, by shareholders representing not less than one-tenth of its capital.

If within fifteen days after such application the directors fail to convene the meeting, the shareholders who filed the application may themselves convene such meeting, with the consent of the competent authorities.

Article 147. One month's notice of any meeting of shareholders shall be given to all shareholders.

In case of bearer share certificates being issued, a public notice of any meeting of shareholders shall be given forty days before the date of such meeting.

The purpose of the meeting and the matters to be discussed thereat shall be stated in the notices mentioned in the last two preceding Sections.

Article 148. All resolutions passed at a meeting of shareholders shall be entered on the minutes, which shall be signed by the chairman.

The minutes shall record the date of the meeting, the full name of the chairman, and the manner in which the resolutions were passed, and shall be accompanied with a list of the names of all shareholders present at the meeting.

Article 149. The purpose of an ordinary meeting is to inspect any documents submitted by the directors, to consider the report of the supervisors, and to pass resolu-

tions concerning the distribution of profits or the payment of interest.

Such meeting may appoint inspectors for the purposes mentioned in the last preceding Section.

Article 150. If a meeting of shareholders is called, or if a resolution is passed, contrary to any law or ordinance or the Articles of Association, any shareholder may apply to the competent authorities, for an order rescinding such resolution. Such application must be made within one month after the passing of the resolution.

Article 151. If the application for rescinding a resolution is made by a shareholder other than a director or supervisor, he must deposit his share certificates, and, on the application of the association, he shall be required to furnish adequate security.

PARAGRAPH IV.

Directors.

Article 152. Directors are appointed from among the shareholders at a meeting of shareholders.

Article 153. As soon as the directors assume office they shall deposit with the supervisors the number of certificates required by the Articles of Association as a qualification for directorship.

Article 154. The remuneration to be given to the directors, if not fixed by the Articles of Association, shall be fixed at a meeting of shareholders.

Article 155. The tenure of the office of a director shall not exceed three years, but he may be reappointed at the expiration of the term.

Article 156. A director may for a good cause be dismissed at any time by a resolution passed at a meeting of shareholders. In case he is dismissed without a good cause he may claim damages, and if he retires without a good cause thereby, disadvantaging the association he is liable for damages.

Article 157. Unless the Articles of Association provide otherwise, the administration of the business of the association shall be decided by a majority of the directors ; the same shall apply to the appointment and dismissal of the manager.

Article 158. Every director may represent the association.

The provisions of Articles 28, 31, 32 and 33 are applicable to directors.

Article 159. The directors shall keep at the principal office and at each branch office copies of the Articles of Association and of the minutes of the meetings of shareholders, and at the principal office the register of shareholders and the register of bonds.

Any shareholder or creditor of the association may in accordance with Article 22 inspect the books and documents enumerated in the last preceding Section.

Article 160. The register of the bonds of the association shall contain the following particulars :—

1. The full names and domiciles of the bondholders ;
2. The serial number of each bond ;
3. The total amount of the bonds and the amount of each bond ;
4. The rate of interest carried by the bonds ;
5. The date and conditions of the repayment of the bonds ;
6. The date on which the bonds were issued ;
7. The date on which each bond was acquired ;
8. If bearer bonds have been issued, their total amount, serial numbers, and the dates on which they were issued.

Article 161. If, at any time one-half of the capital of the association has been lost, the directors must call a meeting of shareholders and made a report to such meeting.

If it is apparent that the assets of the association are insufficient to pay its debts, the directors must immediately apply to the competent authorities for a declaration of bankruptcy.

Article 162. A director may, with the consent of the supervisors, enter into commercial transactions with the association either on his own behalf or on behalf of another.

Article 163. Each director must comply with the Articles of Association and act with care in administering the business of the association.

If he acts contrary to that rule and thereby causes damage to the association he is liable for the damage.

If a director acts contrary to any law or ordinance or the Articles of Association, he is liable for damages to third parties, notwithstanding that his act is done in accordance with any resolution of a meeting of shareholders. The same is not applicable to a director who has raised his objection to such resolution at a meeting of shareholders, or has submitted his opinion on the matter to the supervisors.

Article 164. When a meeting of shareholders decides to bring an action against the directors, or when a meeting disapproves of such action but shareholders representing not less than one-tenth of the capital apply to the supervisors to bring such action, the association shall bring the action within one month after the date on which such resolution was passed, or such application was made.

The shareholders who make such application shall deposit their share certificates until the conclusion of the lawsuit.

Such shareholders shall furnish adequate security on the demand of the supervisors, and be liable to indemnify the association if the action fails.

Article 165. If the association brings an action against its directors or vice versa, the supervisors shall represent the association in such action ; but other persons may be appointed at a meeting of shareholders to represent it.

When shareholders representing not less than one tenth of the capital bring an action against the directors, they may appoint a special representative.

PARAGRAPH V.

Supervisors.

Article 166. Supervisors are appointed from among the shareholders at a meeting of shareholders.

Article 167. The remuneration to be given to supervisors, if not fixed by the Articles of Association, shall be fixed at a meeting of shareholders.

Article 168. The tenure of the office of a supervisor shall not exceed one year ; but he may be reappointed at the expiration of the term.

Article 169. The provisions of Article 156 are applicable to supervisors.

Article 170. The supervisors may at any time require the directors to report on the business conditions of the Association, and they may examine the books and correspondence of the association and the state of its property.

Article 171. The supervisors shall examine the books and documents submitted to the meeting of shareholders by the directors, and report thereon to such meeting.

Article 172. The supervisors may convene a special meeting of shareholders whenever they deem it necessary.

The meeting so convened may appoint special inspectors.

Article 173. If there are two or more supervisors every supervisor may exercise his rights of supervision individually.

Article 174. A supervisor cannot act as a director or manager ; but when there is a vacancy among the directors

and the immediate appointment of a new director is impossible, a supervisor may by agreement with both the directors and the supervisors be appointed to act temporarily as a director.

A supervisor who has discharged his functions as an acting director cannot resume the office of supervisor until his accounts as acting director have been approved by the meeting of shareholders.

The provisions of Article 28 are inapplicable to a supervisor acting as director.

Article 175. When a director has business to transact with the association either on his own behalf or on behalf of another, the supervisors represent the association.

Article 176. Supervisors are liable to indemnify the association or any third party for damage caused by their neglect.

Article 177. When a meeting of shareholders decides to bring an action against the supervisors, or when a meeting disapproves of such action but shareholders representing not less than one-tenth of the capital apply to the directors to bring such action, the association shall bring the action within one month after the date on which such resolution was passed, or such application was made.

In the above mentioned case, the meeting may appoint persons other than the directors to represent the association in the action ; when shareholders representing not less than one-tenth of the capital make an application for

bringing such action they may appoint a special representative.

The shareholders who make such application shall deposit their certificates and, on demand of the directors, furnish adequate security. If the action fails, such shareholders are liable to indemnify the association for any damage caused thereby.

PARAGRAPH VI.

Accounts of the association.

Article 178. The directors shall make and submit the following documents to the supervisors for examination, at least fifteen days before the date of an ordinary meeting of shareholders :—

1. Inventory ;
2. Balance sheet ;
3. Report on the business of the association ;
4. Detailed statement of profit and loss ;
5. Proposals concerning sinking fund, the distribution of profits, or payment of interest.

Article 179. All the documents submitted by the directors and the report of the supervisors shall be filed at the principal office of the association prior to an ordinary meeting of shareholders. Shareholders and creditors of the association may at any time during business hours demand an inspection of the same.

Article 180. The directors submit all documents to a meeting of shareholders for approval.

Article 181. The directors shall give public notice of the balance sheet after all the above mentioned documents have been passed and approved at a meeting of shareholders.

Article 182. When all the above mentioned documents have been passed and approved at a meeting of shareholders, the directors and supervisors are released from all responsibility, unless it is afterwards discovered that they have acted dishonestly.

Article 183. When profits are to be distributed, the association shall set aside not less than one twentieth of such profits as sinking fund. When shares have been issued above par, the excess shall be added to the sinking fund. The sinking fund shall not be increased when it amounts to one fourth of the capital.

Article 184. Until the above mentioned sums have been added to the sinking fund and all losses made good no distribution of profits can be made by the association.

Article 185. If profits have been distributed contrary to the provisions of the last preceding Articles, the creditors of the association may demand that the profits so distributed be refunded.

Article 186. If the preparations for the commencement of business cannot be completed within two or more years after the registration of the formation of the association and the competent authorities have consented to it, the association may make provisions in the Articles of Asso-

ciation for the payment of a certain rate of interest to the shareholders before the commencement of the business.

The interest mentioned in the last preceding Section shall not exceed six per cent per annum.

Article 187. Profits must be distributed or interest paid among the shareholders in proportion to the amounts they have paid on their shares in accordance with the provisions of the Articles of Association ; the same shall not be applicable to the distribution of profits or payment of interest among holders of preference shares, for which special provisions have been made in the Articles of Association.

Article 188. Shareholders representing not less than one-tenth of the capital may apply to the competent authorities for the appointment of inspectors to inspect the business of the association and the state of its property.

Article 189. The competent authorities may, on a report from the inspectors, order the supervisors to convene a meeting of shareholders if necessary.

PARAGRAPH VII

Bonds.

Article 190. An association cannot invite subscriptions for bonds without a resolution passed according to the provisions of Article 199 section 2.

Article 191. The total amount of the bonds issued shall not exceed the amount which has been paid up on the shares.

If the last balance sheet issued by the association shows that the property of the association is less than the amount paid up on the shares, the total amount of bonds that may be issued cannot exceed the amount of the property.

Article 192. The amount of each bond shall not be less than twenty yuan.

Article 193. If it is stipulated that the amount to be repaid to the bondholders shall exceed the face value of the bonds, the excess to be repaid on each bond shall be uniform.

Article 194. When an association invites subscriptions for bonds public notice shall be given by the directors of the following particulars :—

1. The particulars mentioned in Article 160 sub-sections 4-5 ;
2. The trade name of the association ;
3. In case of previous issues of bonds, the total amount remaining unpaid ;
4. The value at which the bonds are to be issued and the lowest market value ;
5. The capital of the association and the amount of paid up capital ;
6. The property of the association according to the last balance sheet.

Article 195. When the bonds have all been subscribed, the directors shall require each subscriber to pay his subscription in full.

Within fifteen days after the total amount of the bonds has been paid up the directors shall register with the competent authorities at the places of the principal and branch offices of the association all the particulars mentioned in Article 160 subsections 3-5.

Article 196. A bond must bear a serial number, contain the particulars mentioned in Article 194 subsections 1 and 2, and be signed and sealed by the directors.

Article 197. No transfer of a personal bond can be set up as a defence against the association or any third party, unless the full name and domicile of the transferee have been entered in the register of bonds and his full name written on the bond.

Article 198. The provisions of Article 139 are applicable to bonds.

PARAGRAPH VIII.

Alterations in articles of association.

Article 199. The Articles of Association can be altered only by a resolution passed at a meeting of shareholders.

Such resolution must be passed by a majority of the votes of the shareholders present, and such shareholders must represent more than one-half of the total number of shares and number more than one-half of all the shareholders.

If the number of shareholders present is not sufficient to form such a quorum, draft resolutions may be passed by a majority of the votes of the shareholders present and notice of the main points of such resolutions shall

be given to each shareholder ; if bearer certificates have been issued, public notice of the main points of such resolutions shall be given and within the period of one month a second meeting of shareholders shall be convened which meeting shall ratify and reject the draft resolutions by a majority of the votes of the shareholders present.

The provisions of the last two preceding Sections are not applicable to resolutions concerning a change in the nature of the business of the association.

Article 200. The capital of an association shall not be increased before the total amount of the shares has been paid up.

Article 201. Whenever an association increases its capital preference shares may be issued, but the nature of the rights attached to such shares must be set out in the Articles of Association.

Article 202. If a resolution passed at a general meeting of ordinary shareholders is likely to be prejudicial to preferred shareholders, it is necessary to have the resolution also passed at a meeting of preferred shareholders.

The rules relating to the meeting of shareholders are applicable to the meeting of preferred shareholders.

Article 203. Whenever a subscription of new shares is invited, the existing shareholders shall have the priority of right to subscribe for the same, and only those shares which are left unsubscribed shall be offered to the public.

Article 204. In case an association has increased its capital and the first payment has been made on all the

new shares, the directors must convene a meeting of shareholders and report regarding the new subscription.

Article 205. The supervisors shall make an investigation of the following particulars and report to the meeting of shareholders :—

1. Whether the total amount of new shares has been subscribed ;
2. Whether the first payment has been made on each new share ;
3. If property other than money has been contributed, whether number of shares issued in consideration of such property is fair and reasonable proper.

The meeting of shareholders may appoint special inspectors to make an investigation and to report on the above mentioned items.

Article 206. When there is anything in proper connected with the contribution of property other than money for the subscription of the new shares, the provisions of Article 115 section 2 are applicable.

Article 207. In case some shares have not been subscribed or the first payment has not been made or the subscription has been cancelled, the directors shall be jointly liable for such subscription or payment.

Article 208. Within fifteen days after the date of the meeting of shareholders convened in accordance with the provisions of Article 204, the association shall register the

following particulars with the competent authorities at the places of its principal and branch offices :—

1. The total amount of the increase in capital ;
2. The date on which the resolution to increase the capital was passed ;
3. The amount paid on each new share ;
4. If preference shares have been issued, the rights of the preferred shareholders.

Before such registration has been made with the competent authorities at the place of the principal office, new share certificates cannot be issued, nor can a transfer of or promise to transfer new shares be made.

Article 209. Such new share certificates shall be signed by the directors and contain the following particulars :—

1. The trade name of the association ;
2. The date on which the increase of capital was registered ;
3. The total amount of the new shares and the amount of each ;
4. The serial number of each share, and the rights to which the holders of preferred shares are entitled.

Article 210. The provisions of Articles 106-109, 120, 123, and 128 section 2 are applicable whenever a subscription of new shares is invited.

Article 211. When a resolution authorising a reduction of capital is passed at a meeting of shareholders, the manner of reduction shall be decided at the same time.

Article 212. The provisions of Articles 53-55 are applicable whenever the capital is to be reduced.

PARAGRAPH IX.

Dissolution.

Article 213. A *société anonyme* shall be dissolved in any of the following circumstances :—

1. The expiration of the period fixed for the duration of the association, or any other cause mentioned in the Articles of Association arising ;
2. The completion of the purpose for which the association was formed or the impossibility of such completion ;
3. A resolution to dissolve passed at a meeting of shareholders ;
4. The holders of personal shares numbering less than seven ;
5. Amalgamation or absorption ;
6. Bankruptcy of the association ;
7. An order for dissolution from the competent authorities.

Article 214. When a *société anonyme* is dissolved the directors must, except in case of bankruptcy, give notice of the dissolution to the shareholders without delay, and if bearer certificates have been issued public notice also must be given.

Article 215. Within fifteen days after the dissolution of a *société anonyme*, such dissolution must be registered

with the competent authorities at the places of its principal and branch offices, unless the cause of dissolution is bankruptcy, amalgamation or absorption.

Article 216. A resolution passed at a meeting of shareholders authorizing the dissolution, amalgamation or absorption of an association must be passed in accordance with the provisions of Article 199 section 2.

Article 217. The provisions of Articles 53-57 are applicable to the dissolution of an association in consequence of amalgamation or absorption.

PARAGRAPH X.

Liquidation.

Article 218. When the dissolution of an association is not caused by bankruptcy, amalgamation or absorption, the directors shall become liquidators, unless the Articles of Association provide otherwise, or some other persons are appointed as liquidators at a meeting of shareholders.

If no suitable persons can be appointed as liquidators the competent authorities shall appoint liquidators on the application of any interested person.

Article 219. A liquidator who is not appointed by the competent authorities may be dismissed at any time at a meeting of shareholders.

A liquidator who is appointed by the competent authorities may be dismissed by such authorities on the application of the supervisors or shareholders representing not less than one-tenth of the capital, whenever any matter of importance necessitates such a step.

Article 220. As soon as the liquidators have assumed office they shall examine the state of the property of the association, prepare an inventory and a balance sheet, and submit them to a meeting of shareholders for approval.

At a meeting of shareholders special inspectors may be appointed to ascertain if the above mentioned documents are correct and the liquidators shall give public notice of the balance sheet as soon as all documents have been approved by the meeting.

Article 221. If a meeting of shareholders is convened, or a resolution passed, contrary to any law or ordinance or the Articles of Association, the liquidators shall apply to the competent authorities for a decree annulling such resolution.

Article 222. The rights and duties of liquidators in regard to everything within the scope of liquidation shall be the same as those of directors unless they have been specially provided for in this Paragraph.

Article 223. The liquidators must notify the creditors to submit their claims within a fixed period; creditors who submit their claims after the expiration of such period may call attention only to, and demand to be paid out of the undistributed assets that are left after the discharge of all other liabilities of the association.

Article 224. The expenses of liquidation shall be the first charge on the assets of the association.

Article 225. The ultimate residue shall be distributed to the shareholders in proportion to the amount each has

paid on the shares in accordance with the Articles of Association; the same rule shall not be applicable where the association has issued preference shares and special provisions have been made for such shares.

Article 226. As soon as a liquidation is completed, the liquidators shall make out a statement of account and submit it to a meeting of shareholders for approval.

At a meeting of shareholders special inspectors may be appointed to inspect the above mentioned statement of accounts. The liquidators shall be released from responsibility as soon as their statement of accounts has been approved by a meeting of shareholders, unless it is discovered afterwards that they have acted dishonestly.

Article 227. The books of the association, its business correspondence, and all other documents shall be preserved for ten years after the completion of the liquidation has been registered. The custodian of these books and documents shall be appointed by the competent authorities on the application of the liquidators or any person interested.

Article 228. If after completion of the liquidation it is discovered that there still remains property of the association that should have been distributed, the competent authorities on the application of any party interested shall appoint person to reliquidate the association.

Article 229. The provisions of Articles 59, 65, 66, 68, 71, 72 section 2, Articles 76, 78, 146, 147, 150, 151, 163

section 2, Articles 165, 170, and 171 are applicable to the liquidation of a *société anonyme*.

CHAPTER V

Société en commandite par actions.

Article 230. A *société en commandite par actions* si composed of one or more members of unlimited liability and shareholders who are liable to pay only the amount of their subscriptions.

Article 231. The provisions for a *société en commandite* are applicable to a *société en commandite par actions* in any of the following particulars :—

1. The relation between members of unlimited liability and the association ;
2. The relation between members of unlimited liability and third parties ;
3. The retirement of members of unlimited liability.

In all other cases, if no special provision has been made in this Chapter, the provisions for a *société anonyme* are applicable to a *société en commandite par actions*.

Article 232. For the formation of such association the promoters who are members of unlimited liability shall draw up and sign the Articles of Association containing the following particulars :—

1. The particulars mentioned in subsections 1, 2, 4 and 5 of Article 98.
2. The total amount of the shares and the amount of each share ;

3. The full names and domiciles of the members of unlimited liability ;
4. The nature, value, and bases of valuation of the capital contributed by members of unlimited liability in addition to money.

Article 233. The members of unlimited liability shall invite subscriptions for shares.

Article 234. The certificate of subscription shall contain the following particulars :—

1. The particulars mentioned in Articles 99, 105 section 2 subsections 1 and 4, and Article 232 ;
2. The number of shares subscribed by each member of unlimited liability.

Article 235. At the preliminary meeting of shareholders supervisors shall be appointed from among the shareholders.

Members of unlimited liability cannot be appointed supervisors notwithstanding that they have subscribed for shares in addition to other contributions.

Article 236. Members of unlimited liability may attend the preliminary or general meetings of shareholders and express their opinions, but they cannot vote at such meetings notwithstanding that they have subscribed for shares in addition to other contributions.

Article 237. The supervisors shall investigate as to whether the shares have been fully subscribed and report to the preliminary meeting of shareholders the nature and

value of the capital contributed by members in addition to money.

Article 238. A *société en commandite par actions* begins to exist at the conclusion of the preliminary meeting of its shareholders, and within fifteen days after it has come into existence the association shall register with the competent authorities at the places of its principal and branch offices the following particulars :—

1. The particulars mentioned in Article 98 subsection 1, 2, 3 and 5, and Article 121 subsections 2, 3, 4, 6 and 7 ;
2. The full name and domicile of each member of unlimited liability ;
3. The nature and value of the capital which the members of unlimited liability have agreed to contribute in addition to money and the amount of such capital they have actually contributed.
4. The full names and domiciles of the members of unlimited liability who are to represent the association, if such representatives have been appointed ;
5. The full names and domiciles of the supervisors.

Article 239. With the exception of the provisions of Articles 152-156 the provisions regarding the directors of a *société anonyme* are applicable to those members of unlimited liability who represent the association.

Article 240. Whenever a unanimous agreement of the members is required in the case of a *société en comman-*

dite, the concurrence of the members of unlimited liability as well as a resolution passed at a meeting of shareholders are necessary in case of a *société en commandite par actions*.

The provisions of Article 199 section 2 are applicable to the resolution mentioned in the last preceding Section.

Article 241. Any cause for the dissolution of a *société en commandite* is a cause for the dissolution of a *société en commandite par actions*.

Article 242. In case all the members of unlimited liability retire the shareholders may by a resolution passed in accordance with the provisions of Article 199 section 2 alter such association into a *société anonyme*.

In such case all the shareholders shall be passed at a meeting of resolution necessary for the formation of a *société anonyme*, and at such a meeting even members of unlimited liability may vote according to the number of shares they have subscribed.

Article 243. When a dissolution occurs from a cause other than amalgamation absorption, bankruptcy, or an order of the competent authorities, the liquidation shall be carried out by all the members of unlimited liability, or persons appointed by them jointly with persons appointed at a meeting of shareholders, unless it is otherwise provided in the Articles of Association.

The appointment of liquidators by the members of unlimited liability shall be decided by a majority and the number of liquidators appointed at the meeting of shareholders shall correspond to that of the members of unli-

mitted liability or their successors or the persons appointed by them.

Article 244. The provisions of Article 79 are applicable to the members of unlimited liability.

Article 245. The liquidators shall submit all the documents and accounts mentioned in Article 220 section I and Article 226 for the approval of the members of unlimited liability as well as of a meeting of shareholders.

Article 246. The members of unlimited liability may at any time by a majority of dismiss the liquidators they have appointed.

Article 247. The provisions of Article 53 section 2 and Article 54 are applicable to the alteration of the organization of the association, and within fifteen days after such alteration has been approved by the creditors of the association the dissolution of the *société en commandite par actions* and the formation of the *société anonyme* shall be registered with the competent authorities at the places of its principal and branch offices.

CHAPTER VI

Rules for penalties.

Article 248. Any member of association charged with the administration of its business, a promoter, a director, a supervisor, or a liquidator, shall be liable to a fine of not less than five or more than 500 yuan if he :—

- I. Fails to make registrations within the periods prescribed by this Ordinance ;

2. Fails to give public or other notice within the periods prescribed by this Ordinance, or makes any false statement in any public notice ;
3. Fails without reasonable excuse to deliver up any document for inspection or examination if such inspection or examination ought to be granted according to this Ordinance ;
4. Obstructs any investigation provided for by this Ordinance ;
5. Makes preparations for the commencement of business contrary to the provisions of Article 5 ;
6. Fails to prepare the certificates of subscriptions, or omits to state any material facts, or inserts any false statement, in such certificates contrary to the provisions of Article 105 section I or Article 234 ;
7. Issues any share certificate contrary to the provisions of Article 128 section I or Article 208 section 2 ;
8. Contrary to the provisions of Article 129, Article 196 or Article 209, omits to state any material facts or insert false statement in the bonds issued by the *société anonyme* ;
9. Fails to have the accounts balanced within the time fixed for the same or at the beginning of a liquidation ;
10. Fails to file at the principal and branch offices copies of, the Articles of Association, the

minutes of the meetings of shareholders, the register of shareholders, the register of bonds, an inventory, a balance-sheet, a report on the state of business, a detailed statement of profit and loss, and proposals concerning of profits, the payment of interest, or the setting apart of the proper proportion of profits as sinking fund, or omits to state any material facts or inserts any false statement in any of the above mentioned books or documents ;

11. Contrary to the provisions of Article 161 section I or of Article 189, fails to convene a meeting of shareholders.

Article 249. Any member of an association charged with the administration of its business or any promoter, director, supervisor or liquidator shall be liable to a fine of not less than 10 yuan or more than 1,000 yuan if he :—

1. Omits to state any material facts or makes any false statement before a public authority or at a meeting of shareholders ;
2. Contrary to the provisions of Articles 53-55, causes the association to be amalgamated with or absorbed by some other association, deals with the property of the association, reduces the capital or alters the organization of the association ;
3. Obstructs the inspectors in the performance of their duties ;

4. Buys, or receives as a pledge, any share or shares contrary to the provisions of Article 132, or cancels any share or shares contrary to the provisions of Article 133 ;
5. Issues bearer share certificates contrary to the provisions of Article 139 ;
6. Fails to apply for a declaration of bankruptcy contrary to the provisions of Article 72 section 2 or Article 161 section 2 ;
7. Fails to set aside a part of the profits a sinking fund, contrary to the provisions of Article 183 section 1 ; distributes any profits contrary to the provisions of Article 184, or, before the business of the association commences, pays any interest contrary to the provisions of Article 186 ;
8. Invites the public to subscribe for bonds contrary to the provisions of Article 191 ;
9. Contrary to the provisions of Article 71, pays any creditor in particular prior to the expiration of the period within which all creditors must submit their claims ;
10. Distributes the assets of the association contrary to the provisions of Article 73.

SUPPLEMENTARY PROVISIONS.

Article 250. All matters concerning traders and commercial transactions shall be regulated by other ordinances.

Article 251. The enforcement of this Ordinance shall be determined by the Rules of Enforcement.

SUPPLEMENTARY PROVISIONS

Article 107. All matters concerning the execution of the provisions of the present law shall be referred to the Council of Ministers.

Article 108. The provisions of the present law shall be enforced by the Council of Ministers.

: : Imp. de Vaugirard : :
 H.-L. MOTTI, Directeur
 : 12-13, Impasse Ronsin :
 :

THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

AN INITIAL FINE OF 25 CENTS

WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

MAR 24 1933

LD 21-100m-7,'33

Pamphlet
Binder
Gaylord Bros.
Makers
Syracuse, N. Y.
PAT. JAN 21, 1908

YC 25172

478651

UNIVERSITY OF CALIFORNIA LIBRARY

